Ministry of Finance

2012-13 ANNUAL REPORT

Government of Saskatchewan

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Letters of Transmittal - Minister

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Ministry of Finance for the fiscal year ending March 31, 2013.

The Ministry's Annual Report demonstrates how the Ministry has contributed to the progress of our Government's Direction for 2012-13. As outlined in the Plan for Growth, we continued to foster balanced economic growth and address the challenges that come along with it, such as infrastructure and demand for services. We have ensured that Saskatchewan can compete for investment and trade, and remains an attractive environment for people to live, to receive an education and to work.

We delivered enhanced programs in health, education and social services; supported Saskatchewan people affected by flooding and continued to invest in infrastructure at historic levels. All of this occurred within the framework of a balanced budget, without increasing debt.

The 2012-13 Annual Report illustrates the progress of the Ministry of Finance in supporting the Government's decision making processes by providing sound advice, analysis and recommendations. On behalf of the Ministry of Finance, I am pleased to provide the 2012-13 Annual Report to the legislature and to the people of Saskatchewan.

Sincerely,

Ken Krawetz

Deputy Premier

Minister of Finance

Letters of Transmittal - Deputy Minister

The Honourable Ken Krawetz
Deputy Premier
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2013.

The Ministry of Finance is a central agency that provides financial and policy advice to government and administers various tax bases on behalf of the Province. Finance also establishes the framework for proper accounting and administrative controls across Government and is responsible for the accurate reporting of budgeted and actual results.

As Deputy Minister of Finance, I take responsibility for public accountability and ensure that the information and content of the 2012-13 Annual Report is meaningful, complete and accurate.

Respectfully submitted,

Clare Isman

Deputy Minister of Finance

June 28, 2013

Introduction

This annual report for the Ministry of Finance presents the Ministry's results on activities and outcomes for the fiscal year ending March 31, 2013. It reports to the public and elected officials on public commitments made and other key accomplishments of the Ministry.

Although a renewed vision in the *Saskatchewan Plan for Growth – Vision 2020 and Beyond* was introduced in October 2012, the 2012-13 Annual Report will be presented in relation to the vision and goals that guided the development of the 2012-13 Plan.

Results are provided on publicly committed strategies, actions and performance measures identified in the 2012-13 Plan.

The report also demonstrates progress made on Government commitments as stated in the *Government Direction for 2012-13: Keeping the Saskatchewan Advantage,* the Minister's Mandate letter, throne speeches and other commitments and activities of the Ministry.

The annual report demonstrates the Ministry's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The Ministry's activities in 2012-13 align with Government's vision and four goals:

Our Government's Vision

A strong and growing Saskatchewan, the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life.

Government's Goals

- Sustaining growth and opportunities for Saskatchewan people.
- Improving our quality of life.
- Making life affordable.
- Delivering responsive and responsible government.

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

Ministry Overview

The Ministry of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the Government on financial implications associated with policy decisions that span across all ministries and agencies.

The Ministry, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the province to ensure appropriate use of public funds. The Ministry also analyzes and provides advice on tax policy matters ensuring a competitive tax regime that supports the Government's spending and debt strategies.

These responsibilities are accomplished while maintaining a close working relationship with the federal government, provincial governments across the country, and other government bodies within the province to effectively address financial issues of mutual concern.

The Ministry of Finance is responsible for receiving the majority of revenues for the Government of Saskatchewan. These include revenues from taxation, transfers from government entities, such as the Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Payments are disbursed through the Ministry to fund public services such as health care, education and road maintenance.

The Ministry also provides services directly to the public by administering provincial tax programs including the Provincial Sales Tax and undertaking communication initiatives to keep the public informed about finance-related issues.

Finance's full-time equivalents (FTE) budget for 2012-13 was 323.5 compared to an actual FTE utilization of 316.3. The variance of 7.2 was mostly due to regular turnover.

Staff are primarily located in Regina, with regional offices in Saskatoon and Yorkton.

Core Business Areas

The Ministry provides the Minister of Finance, Treasury Board, Cabinet and the Government with information, analysis, advice and services in eight core business areas.

1. Budget Analysis/Tax Policy

Finance, through the Budget Analysis Division, supports effective government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and Government ministries.

Economic and Fiscal Policy Branch, along with the Saskatchewan Bureau of Statistics, provides the Government with updates on the Province's revenue, expense and debt position, reports on provincial and national economic indicators, and publishes quarterly financial reports.

Treasury Board Branch leads the budget development process, supporting ministries and agencies in their expenditure reviews and providing economic and social policy advice to Government as it makes resource allocation decisions.

Taxation and Intergovernmental Affairs Branch analyzes and provides advice on tax policy matters ensuring a competitive tax regime that supports the Government's spending and debt strategies. This Branch is also responsible for working with the federal government on programs such as Equalization, the Canada Health Transfer (CHT), the Canada Social Transfer (CST), the Canada Pension Plan (CPP), fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs.

2. Comptrollership/Financial Management

Finance assists the legislature and the Government in controlling and accounting for the receipt and disposition of public money.

Through the Provincial Comptroller's Office, the Ministry develops and maintains the government-wide revenue and expense systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts. Finance ensures that ministries maintain appropriate financial and management controls and are properly accounting for their revenues and expenses. This office also provides accounts payable and travel expense claim processing for Executive Government.

3. Treasury and Debt Management

The Ministry, through the Treasury and Debt Management Division, borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. The Division manages the provincial debt and the cash position of the General Revenue Fund. The Division also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

4. Revenue Operations

The Revenue Division administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs. Taxes administered by the Division include Provincial Sales Tax, Fuel Tax, Tobacco Tax, Liquor Consumption Tax, the Resource Surcharge, insurance premium taxes and various other taxes.

The programs administered by the Revenue Division include the following:

Tax Information Services Program

- Provides tax information and instruction to taxpayers and the general public to encourage voluntary compliance of the various tax statutes administered by the Ministry.

Audit Program

- Conducts audits to ensure tax is properly collected and remitted and to ensure tax is paid on consumer goods. The majority of the audits conducted deal with Provincial Sales Tax.

Revenue Processing

- Provides the processing mechanism for all taxes administered by the Ministry, including maintenance of the tax roll and processing and recording tax revenue.

Collection and Enforcement Program

- Carries out compliance activities, including following up on delinquent returns, collecting outstanding account balances and conducting inspections.

5. Government Performance Planning, Measuring, and Reporting

Through the Planning, Accountability and Reporting Branch (PAR), Finance leads efforts to improve strategic planning, budgeting, performance measurement and reporting practices across government. PAR works closely with Treasury Board Branch and with ministries to develop and implement a "managing for results" approach across government, to build capacity for improved management practices, and to provide analysis and advice to Treasury Board.

6. Personnel Policy Secretariat

Through the Personnel Policy Secretariat (PPS), Finance provides support and advice to the Sub-Committee on Public Sector Bargaining, client employers and government ministries with respect to the management of collective bargaining and compensation activities. PPS also provides general human resource policy advice on initiatives of the provincial public sector, and facilitates the integration of public sector compensation strategies into planning and budgeting processes.

PPS provides advice on collective bargaining and compensation for approximately 62,000 public sector employees in Executive Government, Treasury Board Crowns, Boards and Agencies, the health sector, and the education sector (K-12, SIAST, and regional colleges).

7. Central Management and Services

Central Management and Services provides direction, guidance and support for the Ministry's internal operations and client agencies. This work includes executive management and the management of communications, financial services, procurement, information technology, security and facilities.

8. Pension and Benefits Administration

Finance, through the Public Employees Benefits Agency, (PEBA) administers pension and benefit programs for employees of Executive Government, most Crown corporations and government funded bodies.

As part of its mandate, the Agency ensures that plans are administered in accordance with legislation and the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed. An annual report is prepared and tabled for each of the pension and benefit plans under the Agency's administration.

For more information, go to www.peba.gov.sk.ca and click on the "publications" link.

Progress in 2012 - 13

Government Goal: Growth

The Ministry of Finance supports Government's goal of sustaining growth and opportunities for Saskatchewan people.

Strategy - A Competitive Tax System

Key Actions & Results

Review provincial tax policies to ensure the tax system is fair, adequate, and competitive; working with other interest groups in examining competitive issues affecting Saskatchewan's ability to attract and retain people and businesses.

- This work is ongoing with analysis and advice brought forward to Treasury Board and Cabinet during each budget development cycle.
- Several initiatives announced in the 2012-13 Budget to improve the tax system were implemented. These included the introduction of a corporate income tax rebate to incent construction of new rental housing, the introduction of a tax credit for first-time homebuyers, an expansion of the Active Families Benefit program and changes to the Research and Development Tax Credit.

Work with other provincial agencies to publicly communicate changes to the provincial tax system that further attract and retain people and businesses to the Province.

- This work is ongoing following the announcement of tax changes in a budget.
- Legislation to implement the tax changes announced in the 2012-13 Budget was developed and enacted by June 2012.
- Ongoing consultations have been held with the Saskatchewan Housing Corporation and the housing industry regarding the corporate income tax rebate to incent construction of new rental housing.

Performance Measure & Results

Income and Sales Taxes Paid by Representative Taxpayers

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents. A negative value indicates that refundable tax credits exceed taxes payable.

The calculations upon which the performance measurements are based are performed by the Ministry of Finance using internal tax simulation calculations. Each of the measures is based on determination of combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- the single parent family and the two-income family claim $3,000 in deductible child care expenses; and,
- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions.

The Provincial Sales Tax is calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2010 (Statistics Canada). The refundable Saskatchewan Low-Income Tax Credit is also incorporated into the calculations.

Reductions to Saskatchewan's sales and income taxes have significantly improved the fairness of the provincial tax system.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Single parent family earning $25,000	$466	$382	$176	$20	($177)	($128)	($168)	($182)	($178)
One-income family earning $50,000	$4,124	$4,001	$3,679	$2,207	$2,098	$1,858	$1,471	$1,277	$1,186
Two-income family earning $75,000	$6,656	$6,516	$6,096	$4,710	$4,601	$4,571	$4,117	$3,965	$3,923

Source: Ministry of Finance, Tax Simulation Models

Progress in 2012 - 13

Interprovincial Tax Comparisons for Selected Average Family Profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces.

The calculations upon which the performance measurements are based use the same methodology as described in the measure examining income and sales taxes paid by representative taxpayers.

- Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.
- Provincial sales taxes are calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2010 (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province.
- Refundable provincial income tax credits designed to reduce the impact of income and sales taxes are also incorporated into the calculations.

Reductions to Saskatchewan's sales and income taxes have significantly improved the competitiveness of the provincial tax system.

Saskatchewan Tax Competitiveness Rankings for Representative Taxpayers

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Single parent family earning $25,000	3rd	3rd	3rd	2nd	2nd	2nd	1st	2nd	2nd
One-income family earning $50,000	4th	4th	3rd	2nd	2nd	2nd	2nd	2nd	2nd
Two-income family earning $75,000	4th	4th	4th	3rd	3rd	2nd	2nd	2nd	2nd

Source: Ministry of Finance, Tax Simulation Models

Progress in 2012 - 13

Government Goal: Responsive and Responsible Government

The Ministry of Finance supports Government's goal to deliver a responsive and responsible government.

Strategy - Sustainable Fiscal Management

Key Actions & Results

Examine expenditures to ensure they align with Government's economic and social priorities, are adequately resourced, and are sustainable.

- All ministries and agencies were required to develop plans that align with Government's vision, goals, commitments and priorities.
- Steps were taken to align expenditures with Government priorities and to ensure that Government commitments and other funding priorities were managed within Government's four-year fiscal plan. In an effort to achieve effectiveness, efficiency and economy, ministries were asked to provide program results and outcomes, supported by data and evidence, wherever possible for Treasury Board's consideration. Finance will continue to work towards aligning expenses with Government priorities and to encourage greater efficiency across Government's programs and services.

Enhance good governance by meeting The Growth and Financial Security Act requirements by providing decision makers with revenue and expenditure projections on a timely basis; supporting Treasury Board's interests in having ministries review programs and services to ensure they are economical, efficient, and effective at achieving desired outcomes; and monitoring the size of the public service, publicly reporting on its size relative to the Saskatchewan population and facilitating Government's interest in public service renewal.

- The Ministry provided timely forecasting to inform the budget development and decision-making processes.
- The formalization of program review began in August 2012. Program review examines whether government's programs fit within a ministry's core line of business, align to government priorities, are relevant to citizen needs and are effective and efficient.
- The size of the public service was monitored using FTE forecasts submitted by ministries at mid-year and third quarter. Finance has reported the size of the public service as a percentage of the population for the last five years, using 2007-08 as the base year.

Facilitate consultations with peers and share templates and instructions with ministries as early as possible to improve communication, understanding, and co-operation throughout the planning and budget process.

- Finance continued to work with ministries to refine the budget development process.

Conduct research with counterparts in other jurisdictions to build relationships, examine options and identify best practices to improve upon the Saskatchewan planning and budget processt.

- Finance conducted cross-jurisdictional research on best practices for public reporting and program review .

Provide guidance and advice to promote the use of a market based compensation approach to ensure settlement of competitive collective agreements.

- A number of employers have been successful in implementing market based agreements.

Performance Measure & Results

Private Sector Forecasts of Real GDP Growth

The Ministry of Finance closely monitors several economic, fiscal and demographic indicators. Private sector forecasts of real GDP growth show how the private sector expects the Saskatchewan economy to perform relative to other provincial economies. Percentages considered here are the average of private sector forecasts.

Private sector forecasters, on average, expect Saskatchewan real GDP to grow by 2.7 per cent in 2012 (second highest growth among provinces) and 2.6 per cent in 2013 (tied with Alberta for second highest growth among provinces).

Progress in 2012 - 13

Private Sector Forecasts of Real GDP Growth

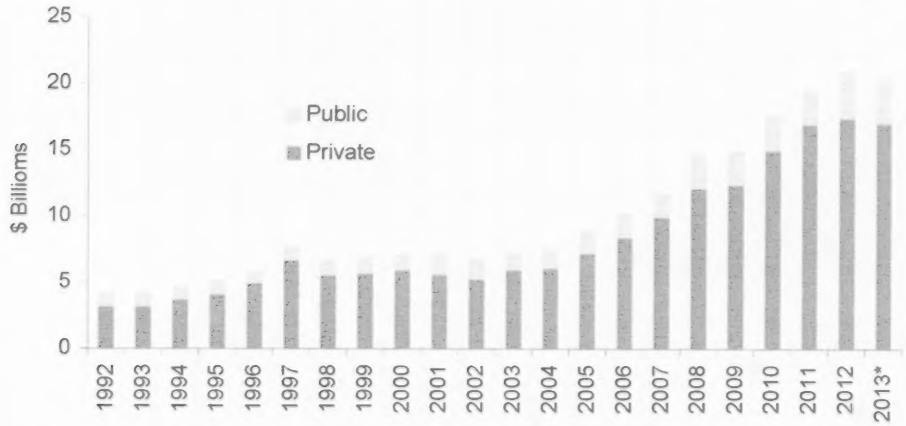
As of May 22, 2013
Source: IHS Global Insight, Conference Board of Canada, Centre for Spatial Economics and all of the major Canadian banks.

Capital Investment in Saskatchewan (Public and Private Investment)

Capital spending in the province demonstrates confidence in Saskatchewan as a place to invest and helps to provide for future economic growth. The data originates from Statistics Canada's Private and Public Investment Intentions Survey, which is an annual survey that collects data on the intentions for capital investment and the expenditures for the previous two years.

After reaching a record high level in 2012, Saskatchewan's total capital investment is expected to decrease slightly to $20.5 billion in 2013, down 2.0 per cent from 2012.

Capital Investment in Saskatchewan



*Source: Statistics Canada * 2013 figure represents planned expenditures*

Progress in 2012 - 13

Public Service as a Percentage of the Saskatchewan Population

The Growth and Financial Security Act requires Treasury Board to monitor the size of the public service and determine if it is growing or diminishing as a percentage of the Saskatchewan population. This measure allows Treasury Board to balance reductions in FTEs with growth initiatives, program enhancements and the provision of quality public services. The publication of this measure supports Government's commitment to increased transparency and accountability.

Utilization of FTEs in 2012-13 continues a trend of steady declines in the size of the public service to 1.09 per cent of the population, down 0.15 percentage points from the 2007-08 baseline of 1.24 per cent of the population.

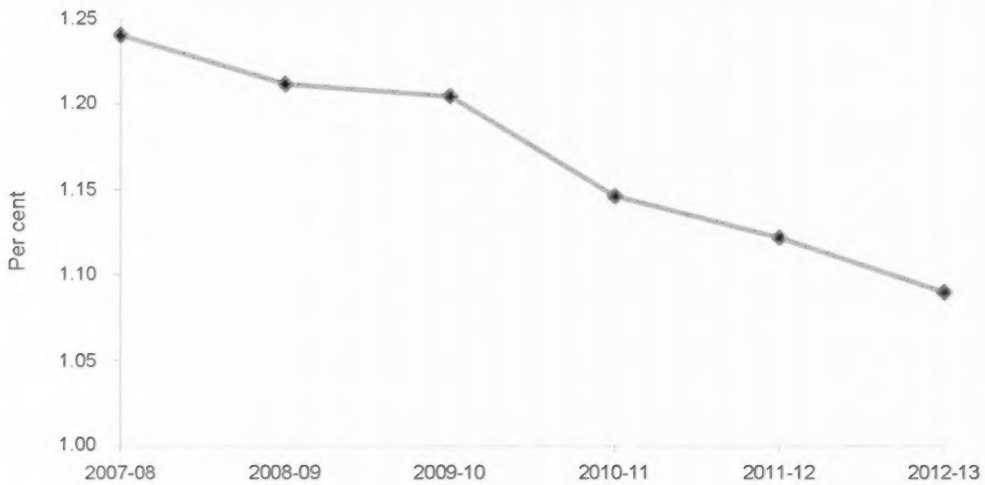
Public Service as a Percentage of the Saskatchewan Population

	2007-08 (Base Year)	2008-09	2009-10	2010-11	2011-12	2012-13
Population at July 1 [1]	1,000,171	1,013,784	1,029,499	1,044,363	1,057,804	1,079,958
Public Service FTEs [2]	12,405	12,284	12,400	11,967	11,863	11,768
Public Service as percentage of population	**1.24%**	**1.21%**	**1.20%**	**1.15%**	**1.12%**	**1.09%**

[1] Population numbers are revised from Statistics Canada, as of July 1 of the fiscal year. This data is available on the Bureau of Statistics website (www.stats.gov.sk.ca).

[2] *The Growth and Financial Security Act* definition of public service is used (FTEs for employees not employed under *The Public Service Act, 1998* are excluded).

Public Service as a Percentage of the Saskatchewan Population



Source: Ministry of Finance

Progress in 2012 - 13

Supplementary Detail for the Performance Measure:
2012-13 Workforce Utilization of Executive Government

Ministries	2012-13 Estimated FTEs [1]	2012-13 Actual FTEs	Variance [2]
Advanced Education	150.6	135.3	(15.3)
Agriculture	445.0	440.1	(4.9)
Central Services	1,293.7	1,306.4	12.7
Economy	596.1	616.1	20.0
Education	296.4	279.5	(16.9)
Environment	892.0	900.3	8.3
Executive Council	122.7	109.0	(13.7)
Finance	323.5	316.3	(7.2)
Government Relations	230.7	302.3	71.6
Health	532.4	534.1	1.7
Highways and Infrastructure	1,464.7	1,331.9	(132.8)
Justice	2,751.1	3,048.5	297.4
Labour Relations and Workplace Safety	147.1	150.5	3.4
Parks, Culture and Sport	378.3	421.7	43.4
Social Services	1,793.4	1,921.4	128.0
Ministry FTEs	**11,417.7**	**11,813.4**	**395.7**
Public Employees' Benefits Agency [3]		99.2	
Personal Service Contract Employees [4]		(44.5)	
Ministerial Assistants [5]		(100.1)	
Public Service FTEs		**11,768.0**	

[1] Full-time equivalents (FTEs) are defined in The Growth and Financial Security Regulations. The values presented in this column reflect organizational changes announced in 2012 that resulted in responsibility for certain functions transferring between ministries. The values also reflect the in-year assignment of a 108.0 FTE unallocated reduction included in the 2012-13 budget.

[2] Each Ministry's Annual Report explains the variance between budget and actual FTE utilization.

[3] Public Employees' Benefits Agency employees are employed under *The Public Service Act, 1998*.

[4] Personal service contract employees are not employed under *The Public Service Act, 1998*.

[5] Ministerial assistants are employed under a ministerial service agreement to provide services to ministers and the Premier of Executive Council. They are not employed under *The Public Service Act, 1998*.

Progress in 2012 - 13

Strategy - Effective Treasury Operations

Key Actions & Results

Service outstanding debt ensuring the timely and accurate payment of interest and principal and reduce outstanding debt as directed.

- Debt servicing is a continuous process. During 2012-13, all outstanding debt was serviced accurately and on the correct dates.

Meet reporting requirements of international regulatory agencies through timely development and filing of financial disclosure documents.

- Finance filed and has complied with all requirements of the U.S. Securities and Exchange Commission, the National Storage Mechanism in the United Kingdom and the Swiss Stock Exchange.

Implement the transfer of budget surplus funds in accordance with The Growth and Financial Security Act.

- Transfers of funds between the Growth and Financial Security Fund (GFSF) and the General Revenue Fund (GRF) are governed by The Growth and Financial Security Act. All transfers required by the legislation have been completed.

Monitor domestic and international capital markets to identify and take advantage of opportunities to raise capital to meet Government and Crown requirements.

- The monitoring of capital markets is a continuous process. During 2012-13, Finance fulfilled the borrowing needs of Government and Crown corporations.

Maximize the return on investment of sinking fund and Growth and Financial Security Fund monies through sound investment decisions carried out pursuant to the investment policy guidelines of the two funds.

- All GFSF and sinking fund transactions and positions have been in compliance with approved investment guidelines.
- Opportunities to maximize returns are realized to the extent possible based on market views and availability of investment products.

Provide cash management services for the General Revenue Fund (GRF), Crown corporations, and other government agencies.

- Finance ensured that the short-term cash requirements of Crown cororations and government agencies were met; and, the Province was able to fund its ongoing cash requirements by successfully identifying shortfalls and surpluses on a timely basis.

Maintain good working relationships with credit rating agencies to ensure accurate information is utilized in the analysis of the Province's creditworthiness.

- Annual post-budget briefings are undertaken with all credit rating agencies.
- All credit rating agencies are kept up-to-date on the changing fiscal and economic picture of the Province.
- In 2011, Standard & Poor's upgraded the Province's credit rating to AAA. This is the first time in the Province's history that it has had a AAA rating.
- In 2012, Moody's Investors Service improved the outlook on Saskatchewan's credit rating to Aa1(positive). Dominion Bond Rating Service affirmed the Province's credit rating of AA.

Performance Measure & Results

Government Debt as a Percentage of GDP

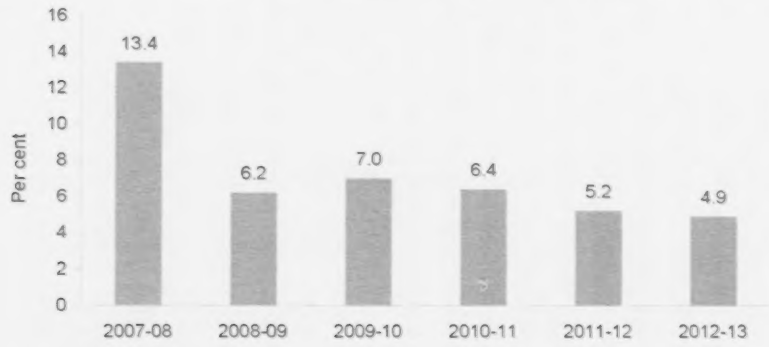
One facet of the Government's financial plan is to manage Government debt levels. The Ministry of Finance, as well as external investors and agencies, closely monitor the Province's debt-to-GDP ratio and overall credit ratings. A decreasing debt-to-GDP ratio indicates a declining drain on economic resources to service and repay debt and an associated increase in the fiscal flexibility of the Province. Investor confidence is influenced by this ratio because it provides a measure of the Province's debt relative to the size of the economy.

This ratio is calculated by dividing GDP for the previous calendar year by the level of government general public debt at March 31. Debt is gross debt net of sinking funds. Gross debt is the amount owed directly to lenders, and sinking funds are set aside for the repayment of that debt. Government general public debt is borrowed to finance government programs as opposed to debt borrowed for and repayable by Crown corporations.

This measure is influenced by the state of the global, North American, and Canadian economies, as well as the level of government general public debt. At March 31, 2013, the government general public debt-to-GDP ratio was 4.9 per cent, a decrease of 0.3 percentage points from March 31, 2012. The decrease in the debt-to-GDP ratio was due to an expected increase in nominal GDP and also a slight reduction in government general public debt. The debt-to-GDP ratio is significantly below previous years (13.4 per cent in 2007-08) and the 2013-14 Budget forecast the debt-to-GDP ratio to continue on a decreasing trend.

Progress in 2012 - 13

Government Debt as a Percentage of GDP



Source: Saskatchewan Public Accounts; Saskatchewan Provincial Economic Accounts

Government Credit Ratings

A credit rating is an independent evaluation by a recognized, objective agency of a borrower's willingness and ability to service and repay debt. Investors rely on credit ratings when making investment decisions. Many investors have guidelines that are based on credit ratings (e.g., must purchase bonds rated "AA" or higher). Therefore, a borrower's credit rating will impact the availability of credit, both in terms of the number of investors and the pool of funds it can tap. Typically, the higher the credit rating, the lower the risk to the investor and the less the issuer will have to pay in borrowing costs.

Saskatchewan's credit rating compares well when ranked against other Canadian provinces. All credit rating agencies now rate the Province at the "AA" level or above. This is extremely important to international investors, many of whom have a "AA" credit rating requirement for investment.

Government Credit Ratings

	Rating Agency		
Jurisdiction	**Moody's**	**Standard & Poor's**	**DBRS**
British Columbia	Aaa*	AAA	AA(high)
Alberta	Aaa	AAA	AAA
Saskatchewan	**Aa1****	**AAA**	**AA**
Manitoba	Aa1	AA	A(high)
Ontario	Aa2	AA-*	AA(low)
Quebec	Aa2	A+	A(high)
New Brunswick	Aa2	A+	A(high)
Nova Scotia	Aa2	A+	A**
Prince Edward Island	Aa2	A	A(low)
Newfoundland and Labrador	Aa2	A+	A
Canada	Aaa	AAA	AAA

Credit Ratings as of March 31, 2013 * Negative outlook ** Positive outlook

Progress in 2012 - 13

Strategy - Optimized Revenue to the Province

Key Actions & Results

Working with provincial agencies to annually review own-source budgetary revenues for which they are responsible.

- This work is ongoing with analysis and advice brought forward to Treasury Board and Cabinet during each budget development cycle.
- During 2012-13, reviews of various tax programs were undertaken as part of the 2013-14 budget development process. These reviews led to 2013-14 Budget announcements regarding the Labour-sponsored Venture Capital Program, the Saskatchewan Resource Credit, Tobacco Tax rates and liquor mark-ups.
- Also during 2012-13, reviews of various fees and charges were undertaken as part of the 2013-14 budget development process. These reviews led to the March 8, 2013 announcement regarding changes to certain fees administrered by the Ministry of Agriculture and by the Financial and Consumer Affairs Authority.

Promote compliance with Saskatchewan's tax programs through quality service, taxpayer education and responsible, effective enforcement.

- The Ministry continues to provide quality service and accessible, reliable information as committed to in the Taxpayer Service Commitments and Standards Code. In 2012-13 the Ministry partnered with ISC to improve services to customers and simplify their compliance requirements by providing online business registrations which enables businesses to register with the Corporate Registry, Workers Compensation Board and Provincial Sales Tax with one online transaction. The Ministry also upgraded the Saskatchewan Electronic Tax Service (SETS) to ensure clients will continue to benefit from simple, fast, secure and convenient online filing of their provincial consumption tax returns. The results of the bi-annual Client Satisfaction Survey are included in the Performance Measures & Results section of this report.

Continue implementation of changes to the tax audit selection process to identify those businesses most likely to not comply with provincial tax laws and target audit resources accordingly.

- The Revenue Division continued with systems changes that added efficiencies in workload management. In addition, the Revenue Division identified resource requirements for key roles and implemented a reporting process on the effectiveness of the tax audit selection process.

Continue implementation of changes to educate those businesses identified as low to medium tax risk to improve voluntary tax compliance.

- The Ministry assisted more than 15,000 taxpayers in understanding their tax obligations through a variety of reactive and proactive methods: taxpayer contacts, tax information presentations, publication subscription services, written rulings and audit activities.

Performance Measure & Results

The benefit-cost ratio (BCR) measures the value of audit and compliance activities in relation to the costs of performing these activities. In 2012-13, the Ministry achieved an adjusted BCR of 532 per cent, above the target of 380 per cent. Gross BCR of 861 per cent was adjusted for audit revenue due to extraordinary assessments under the *The Corporation Capital Tax Act.*

Finance has increasingly placed more emphasis on promoting voluntary compliance of consumption tax statutes through education and outreach. The audit program remains an important tool to promote compliance with the Province's tax laws and to ensure equity and fairness for all businesses operating in Saskatchewan.

Benefit-Cost Ratio of Audit and Compliance Activities

Fiscal Year	Return on Investment	
	Target	Adjusted Actual
2012-13	380%	532%

Source: Ministry of Finance, Revenue Division, Statistical Reports

Progress in 2012 - 13

Strategy - Strengthened Strategic Partnerships

Key Actions & Results

Continue to discuss with interested First Nations about Tax Administration Agreements where the Province would relinquish the authority to levy the Liquor Consumption Tax on-reserve and allow the First Nation to levy its own fee on liquor sales on-reserve. These Agreements require the First Nations fee to be in the same form and level as levied off-reserve by the Province under The Liquor Consumption Tax Act, with all on-reserve revenue going to the First Nation.

- In 2007, an agreement was reached between the Province and a First Nations Band that replaces the liquor consumption tax (LCT) with a Band-imposed fee.
- In 2009-10 the Province entered into an additional four agreements with First Nations Bands to replace the LCT with a Band liquor consumption fee (LCF).
- During 2012-13, the Ministry continued to explore opportunities where mutually beneficial agreements such as this can be reached. To date, the Province has agreements with five First Nations that replace the LCT with the Band LCF.

Support the Province in the renewal of major intergovernmental fiscal transfers that support health care, postsecondary education and social policy.

- Finance acts as the Government's principal contact with the federal government on major intergovernmental fiscal transfers, including the Canada Health Transfer (CHT), Canada Social Transfer (CST) and Equalization. Although the federal government holds consultations with provinces and territories on an ongoing basis, no formal agreement with the provinces or territories is required.
- In June 2012, the federal government passed legislation implementing the long-term growth rates for the major fiscal transfers: CHT, CST and Equalization.
- In December 2012, the federal Finance Minister announced technical changes that will be formally implemented in legislation in 2013 and will be incorporated in the computation of Equalization entitlements for the fiscal years 2014-15 through 2018-19.
- In 2012-13, Saskatchewan received $1.3 billion in federal funding in support of health and social programs through the CHT, CST and the Wait Times Reduction Transfer. Saskatchewan did not receive Equalization.

Work with ministries and the federal government to develop fair and effective federal/provincial agreements that address common interests.

- This work is intended to ensure that the financial implications of federal-provincial agreements are properly accounted for and have received appropriate approval. Reviews of these agreements are reported to the Minister of Finance throughout the year. During 2012-13, approximately 40 federal-provincial fiscal agreements were reviewed and proceeded to Cabinet for approval.

Continue to review, with federal and provincial governments, Canada's current retirement income system. Specific actions include developing the regulatory legislation to implement Pooled Registered Pension Plans (PRPPs) and continuing to consider various options for modest and targeted expansion of the Canada Pension Plan.

- Federal legislation to implement PRPPs became operational in January 2013.
- Provincial PRPP legislation (as well as legislation to allow the Saskatchewan Pension Plan to apply to become a PRPP administrator) was developed during 2012-13 and passed into law by the Legislature during the spring 2013 sitting.
- At their December 2012 meeting, Finance Ministers agreed that approaches to modestly enhance the Canada Pension Plan will continue to be analysed and discussed. However, there was no consensus among ministers to proceed with an enhancement of the CPP at this time.

Provide analysis and advice in order to manage stakeholders' relationships through the public sector bargaining process.

- PPS staff work with employers to assist in the development of mandate submissions.
- PPS staff work closely with employer negotiators to ensure adherence to approved mandates.

Progress in 2012 - 13

Strategy - Accountable Financial and Performance Management

Key Actions & Results

Prepare timely, reliable, and relevant General Revenue Fund financial statements and Summary Financial Statements (SFS).

Government's financial statements demonstrate accountability for the resources, obligations, and financial affairs for which the Government is responsible. Continued strong financial reporting through timely, reliable and relevant financial statements is essential to strong accountability.

Timeliness of financial statements contributes to government's accountability.

- The Ministry prepared the GRF and Summary 2011-12 financial statements. Volume 1 was tabled on June 26, 2012, the thirteenth year in a row that it has been released by August 1.

Reliability of the financial statements also contributes to the government's accountability. Financial statements with few (or no) audit qualifications are considered more reliable than those that have many.

- The SFS continue to receive a clean audit opinion. The GRF financial statements continued to receive a qualified audit opinion for the pension liability, which is disclosed in the notes rather than accrued on the statements and for transfers between the GRF and the Growth and Financial Security Fund, which are recorded in accordance with legislation.

Relevance of financial statements contributes to government's accountability. Financial statements that comply with Public Sector Accounting Board (PSAB) standards are considered more relevant than those that do not.

- The GRF financial statements and the SFS are relevant. All PSAB recommendations have been implemented in the SFS. One recommendation, recording pensions on an accrual basis, remains unimplemented in the GRF. The Government's GRF financial statements continue to disclose the pension liability in the notes and expense actual cash payments to retired plan members and cash contributions to its pension plans.

Review and approve financial statements of Treasury Board Crowns and agencies.

- Financial statements of 103 entities were reviewed and approved before tabling; 97 were tabled on time (94 per cent).

Provide input into the activities of Canadian and international accounting standard setting bodies.

Accounting policies continue to evolve and have implications for the Government of Saskatchewan. Providing input into the activities of government accounting standard setting bodies ensures accounting policies result in relevant and reliable government financial statements.

- PSAB activities were closely monitored and the Provincial Comptroller's Office provided feedback to PSAB on documents issued for comment. The review of PSAB's conceptual framework, which contains the fundamental concepts upon which accounting standards are based, is a key area of focus.
- The Ministry continued to monitor international accounting standards, particularly those that may influence Canadian accounting practices.

Ensure government-wide financial management policies and procedures are sound.

- Financial Administration Manual (FAM) policies and procedures were monitored and updated as required. FAM communicates to ministries and public agencies, policies, procedures and guidance necessary to support sound financial management and control of and accounting for public resources.
- The Ministry provided advice on financial management, accounting, and internal control issues. The Ministry of Finance supports ministries and provides direction and a leadership role as issues arise, and through regular processes, such as the review of draft legislation/regulations and Provincial Auditor reports.

Ensure government-wide accounting policies are in accordance with PSAB pronouncements.

- The Ministry implemented the accounting standards on government transfers (grants) and tax revenue, and continued implementation of accounting standards on financial instruments, foreign currency translation, and liabilities for contaminated sites.

Work closely with Executive Council (Cabinet Planning and Cabinet Secretariat) to refine processes that ensure high quality documents are received for Cabinet Committee consideration within established timelines.

- Finance continues to work with Executive Council to ensure that high quality and timely documents are presented for Cabinet Committee review.

Refine the annual planning and budget process to ensure greater accountability for financial management and performance results over the longer term, including partners from major third parties.

Progress in 2012 - 13

- Opportunities to refine the planning and budget process are continuing.
- Four year financial plan and budget targets were provided to ministries to support the effective and efficient delivery of services.

Provide guidelines, tool-kits, online training, and other supports to improve system-wide capacity for strategic planning, performance measurement, program review and reporting.

- Formation of a best practice program review working group.
- Development of planning, reporting and program review templates to support consistent practice and reports across ministries.

Performance Measure & Results

Timeliness of the Release of Public Accounts, Volume 1

The Public Accounts are key financial accountability documents that are publicly released on an annual basis. The Public Accounts are prepared and tabled in accordance with *The Financial Administration Act, 1993* (FAA). The Ministry prepares and publishes the Public Accounts, pulling together information from ministries and other government organizations. Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements (SFS).

The timely reporting of Volume 1 demonstrates Finance's leadership for good governance, transparency, and accountability across government. Under the FAA, the Public Accounts must be tabled on or before October 31st. In 2000, the Government established a policy of tabling Volume 1 of the Public Accounts on or before August 1st. For the last several years, the Government has been in a position to table Volume 1 in late June.

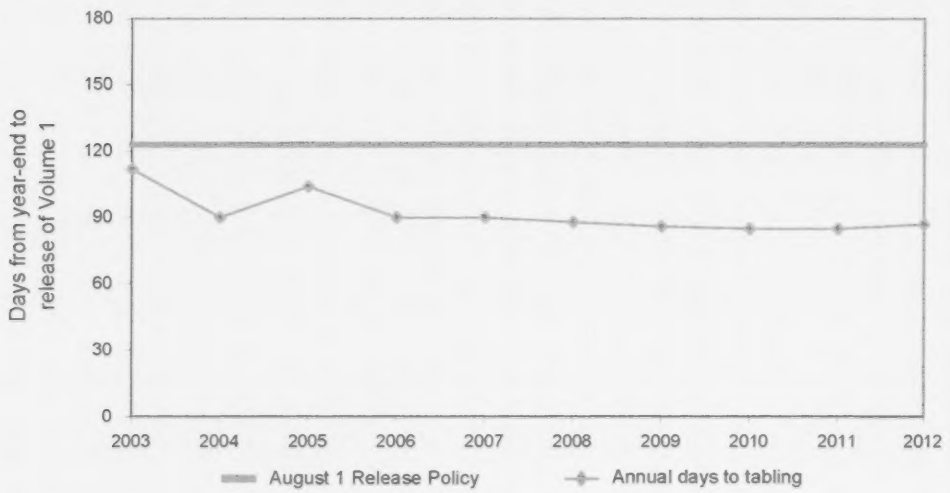
Percentage of Entities Meeting Tabling Deadline

Year	Percentage of Entities Meeting Tabling Deadline
2012-13	94%
2011-12	91%
2010-11	86%
2009-10	86%
2008-09	77%
2007-08	76%
2006-07	84%
2005-06	84%
2004-05	81%

Source: Legislative Assembly of Saskatchewan website

The financial statements of government entities are prepared pursuant to their enabling legislation. Pursuant to *The Tabling of Documents Act, 1991*, entities are required to table their financial statements within 120 days of their year-end. Continued strong financial reporting by government entities is essential to strong accountability.

Timeliness Trend Release of Volume 1 of the Public Accounts



Source: Saskatchewan Public Accounts

Progress in 2012 - 13

The Ministry, on behalf of Treasury Board, provides approval of the form and content of the financial statements in advance of the tabling. Finance is proactive in ensuring government entities table their financial statements on time (e.g., clearly communicates tabling deadlines) and monitors compliance with tabling deadlines. Finance's role contributes to timely, reliable and relevant financial reporting by Treasury Board Crowns and agencies and demonstrates Finance's leadership for good governance, transparency and accountability across government.

Provincial Auditor's Assessment of Government's Accountability Systems

The Ministry of Finance uses the Provincial Auditor's assessment of government's accountability systems to gauge progress on the Ministry's efforts to promote accountable government. The table above shows that the Provincial Auditor's approach has changed over the years and a sample of ministry annual reports was not reviewed in each year.

Historical information on the Provincial Auditor's assessment of government's accountability systems can be referenced in the Ministry's 2011-12 annual report.

While this performance measure is deemed to be an important and impartial assessment of government's collective work on "managing for results", it also presents some challenges.

Elements proposed by the CCAF or PSAB, such as the publication of targets and the description of a ministry's capacity to meet outcomes, are voluntary and proving to be difficult to implement in public sector environments. These are common challenges, found in many other jurisdictions, as governments strive to improve their reporting on public sector performance.

This performance measure is not solely within the control of the Ministry; however, steps are taken across government to continually improve the quality, reliability and accessibility of documents, thereby increasing transparency and public accountability.

In the fall 2012 Report, the Provincial Auditor did not write a specific chapter on government accountability, resulting in a lack of data for this performance measure in 2012.

Provincial Auditor's Assessment of Government's Accountability Systems

Provincial Auditor's Report	Satisfaction with processes and/or guidelines	Assessment of Ministry plans and reports
2012 Report	N/A	N/A***
2011 Report, Vol.2, Ch.26B	Yes	Improving
2010 Report	N/A	N/A***
2009 Report, Vol. 3, Ch.19	Improving	Improving **
2008, Vol. 3, Ch. 20	Partial	N/A
2007, Vol. 3, Ch. 9	Partial	N/A *
2006, Vol. 3, Ch. 14	Yes	Positive
2005, Vol. 3, Ch. 9 & 11	Yes	Positive
2004, Vol. 3, Ch. 15	Yes	Positive
2003, Vol. 3, Ch. 13	Yes	Positive

Source: Provincial Auditor's Reports, available on-line at www.auditor.sk.ca

* The Provincial Auditor's (PA) approach to assessing government's accountability system has differed over the years; from 2003-06, the PA assessed Finance's processes, guidelines and a small sample of ministry plans; from 2007 on, the PA's focus shifted to solely examine government's accountability system and processes.

** In 2009, the PA assessed only a small sample of ministries but concluded that "public plans of ministries are improving"

*** In 2010 and 2012, a specific chapter on government accountability was not included in the Fall Report

Progress in 2012 - 13

Strategy - Efficient Financial Systems and Processes to Support Good Governance

Key Actions & Results

Assess the internal controls of the Government's financial systems and assist in the development and implementation of improvements where required.

Finance looks for significant deficiencies in financial programs/systems by conducting internal control reviews. A deficiency is an internal control weakness that adversely affects government's ability to safeguard its assets and record, process, or report financial data reliably.

- Ministry programs and payments were audited using a risk-based approach. Ministries accepted and have implemented or are actively working on implementing all audit recommendations.
- The Ministry publicly reported on a quarterly basis losses of public money in ministries and Treasury Board Crowns.

Develop and deliver financial management fundamentals training for managers and employees to build financial management capacity in the public service.

- The Ministry continued to support the Public Service Commission's delivery of training for new employees on effective financial management and control practices.

Assess the MIDAS Support model to determine the best option to provide ongoing support for MIDAS and implement that model.

- This action was deferred to 2013-14.

Improve the accounts payable processing function by consolidating the function in a centralized unit, redesigning and standardizing related processes and implementing enhancements to the MIDAS financial system to increase automation.

- The project to improve the efficiency of the accounts payable function was fully implemented by October 31, 2012.
- A centralized accounts payable processing unit was created within the Ministry of Finance and business processes were streamlined across government, supported by increased automation.
- Approximately 8,500 employees were provided access to the new technology that supports self-service expense claim completion and the electronic approval of invoices.

Further expand the Government's purchase card program, including implementation of a one-card solution for purchasing and travel.

- Work continued on implementing a one card solution for purchasing and travel, and to increase purchase card usage across government.
- An agreement was signed with a vendor for government-wide acceptance of debit/credit card payments.

Work with ministries to develop and implement a standard system for more accurate and timely expense, revenue and FTE budgeting and forecasting.

- Requirements were gathered, analyzed and documented; and project plans were completed in 2012-13.

Progress in 2012 - 13

Performance Measure & Results

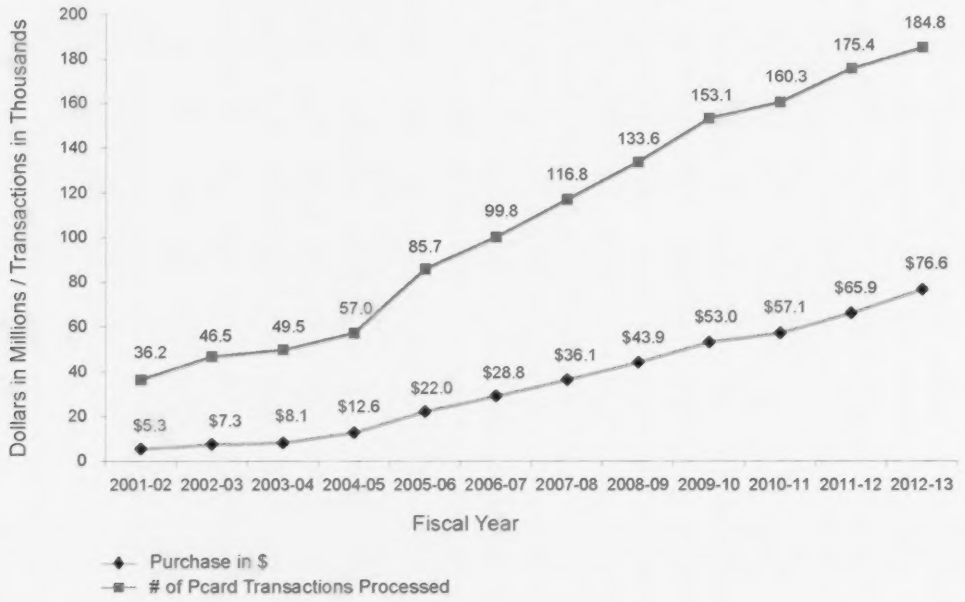
Purchase Card Usage in Government

Purchase cards are a cost-effective way of making payments. Through the use of purchase cards, the Government is able to reduce administration and costs associated with the processing and payment of low dollar value purchases of goods and/or services up to a $10,000 per transaction limit.

The total number and dollar value of purchase card transactions provides a measure of the level of efficiency being achieved.

For 2012-13, the number of purchases reached 184,803 transactions totaling $76.6 million. This is a significant improvement from the inception of the purchase card program. The Ministry continues to work to improve the usage across government, which contributes to the best use of public funds. For 2013-14, a target has been set for 200,000 transactions totalling $85 million.

Purchase Card Program Twelve Year History



Source: Ministry of Finance Statistical Reports

Progress in 2012 - 13

Strategy - Effective Delivery of Programs and Services to the Public

Key Actions & Results

As part of the continuous improvement culture, several core service reviews were conducted:

Review alternativtes for renewal of the Ministry's revenue management system;

- The Ministry is proceding with the project including: confirming requirements; assessing potential solutions; developing a roadmap for system implementation; and preparing a business case for Treasury Board consideration in 2013-14.

Further review is required of the Real Time Validation System to assess the feasibility of expanding the system to any or all remaining on-reserve stores. The system has been implemented in 46 stores that represent 68 per cent of fuel and tobacco purchased on Saskatchewan's reserves; and,

- In 2012-13, the decision was made to expand the system to additional on-reserve stores. As of March 31, 2013, the system has been implemented in 71 of 108 stores representing about 80 per cent of the tax-exempt fuel and tobacco purchased on Saskatchewan's reserves.

Review the Farm Fuel Program to examine and evaluate current business processes. The current system was developed to administer a rebate program. Since the program changed to an up-front tax reduction program in 2004, certain processes must be done outside the system. A review will map the main businesses processes and identify and document possible efficiencies.

- As a result of a Lean project, changes were implemented to provide efficiencies in the administration of the Farm Fuel Program. Through the automation of manual processes and reallocation of resources, processing timeliness and client service have and will continue to improve.

Implement system changes and customer service strategies to automate and support the Business Portal project. The portal will provide a single point of contact for clients to do business across government with respect to registering businesses, reducing wait times and the cost of program administration.

- System changes were made and customer service strategies implemented to automate and support the Business Portal project. The portal provides a single point of contact for clients to do business across government with respect to registering businesses, reducing wait times and the cost of program administration.
- The Ministry has provided system requirements for additional registration and transaction types. Internal system changes will be made to support processing of the new Business Portal transaction types.

Provide quality service to pension and benefit plan supervisory boards, and plan members through:

Monitoring the boards' governance structures to ensure ongoing conformity with best practices within the pension industry which include ensuring appropriate control mechanisms that encourage good decision making, proper and timely execution, and regular review and assessment;

- PEBA retained a third-party expert to conduct a comprehensive risk assessment of the Public Employees Pension Plan (PEPP) and the Municipal Employees' Pension Plan (MEPP). It also developed new risk management plans which outline Plan risks, the strategies in place to mitigate those risks, and the level of risk remaining after all management strategies are enacted.
- PEBA recommended changes to the investment policies of the pension and benefit plan.
- Throughout the year, PEBA implemented Public Employees Pension Board-approved initiatives intended to improve member outcomes by amending PEPP's investment options.

Annual assessments of initiatives and activities in the areas of Communications, Plan Governance, Service Delivery and Plan Design as contained in the boards' strategic plans to determine the overall progress toward goals and initiatives and to adjust future plans and activities; and,

- PEBA conducted strategic planning sessions with the Board and the Commission to update its strategic plans and direction.

Report progress regularly on strategic activities and initiatives as well as PEBA's performance against the standards contained within the respective contracts to the Board and Commission and the plans' memberships.

- The Board and Commission received three periodic updates from PEBA on the status of their strategic business plans to determine the overall progress toward goals and initiatives.
- PEBA prepared quarterly reports to the pension boards and commissions comparing actual results to performance standards.
- PEBA conducted its annual performance evaluation of the auditors, investment consultants and custodians for MEPP and PEPP to ensure standards are being met.

Progress in 2012 - 13

Increase direct deposit utilization and reduce number of advices (payment stubs) printed and distributed by offering e-mailed advices to suppliers.

- Direct deposit usage increased to 64 per cent of supplier payments. Electronic advice usage has held steady at 11 per cent of direct deposit payments.

Ensure effective planning and testing to promote Ministry programs and services through focus on business continuity, pandemic and disaster recover planning, including risk management and information technology strategic plans.

- The Ministry of Finance has worked with the ITO to draft an IT Strategic Plan, which Finance expects to complete by September 2013.
- Annual testing of the Disaster Recovery process for key Revenue systems was completed in November 2012. Disaster Recovery of PEBA systems was completed in the first quarter of 2012-13, and MIDAS Financial Systems underwent Disaster Recovery testing in May 2012.
- The Ministry has identified risks to its Critical IT Systems and plans to finalize the IT Risk Management plan in 2013-14 by completing a risk response plan that identifies appropriate responses to the identified risks.

Performance Measure & Results

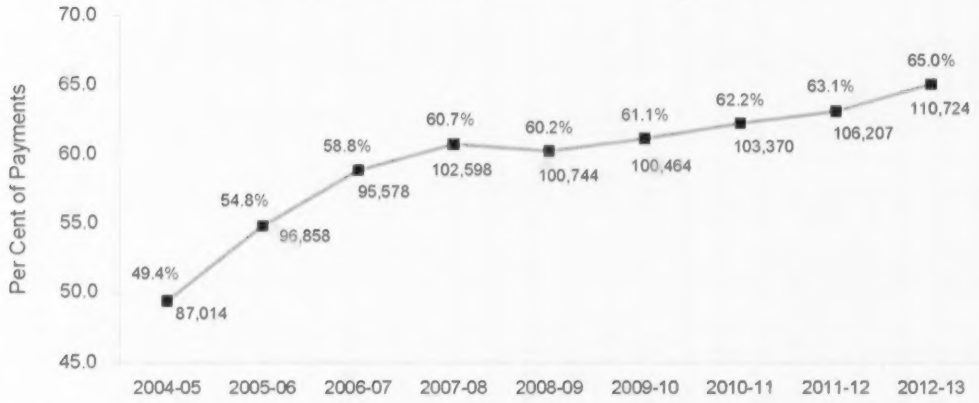
Percentage of Tax Payments Processed Electronicly

The Ministry strives to provide excellent client services by ensuring that businesses have access to all electronic options for making tax payments. The percentage of tax payments processed electronically measures how well the Ministry is meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other activities. In addition, the Ministry realizes a reduction in the cost of processing payments when the tax return and payment are received electronically. The measure is determined from statistical reports generated from the main revenue system.

The Ministry continuously works with financial institutions to ensure that businesses are able to make tax payments through any of the financial institutions' electronic payment services that provide sufficient payee information. The percentage of tax payments processed electronically has grown over the last five years and efforts to promote the use of electronic services will continue. However, the Ministry has limited influence over this measure as many businesses have internal controls that only permit issuance of cheques and some businesses simply prefer to issue a cheque.

The percentage of tax payments processed electronically for 2012-13 was about 65 per cent.

Percentage of Tax Payments Processed Electronically



Note: numbers below the percentages indicated in the chart refer to number of tax payments processed electronically each year.
Source: Ministry of Finance, Revenue Division, Statistical Reports

Progress in 2012 - 13

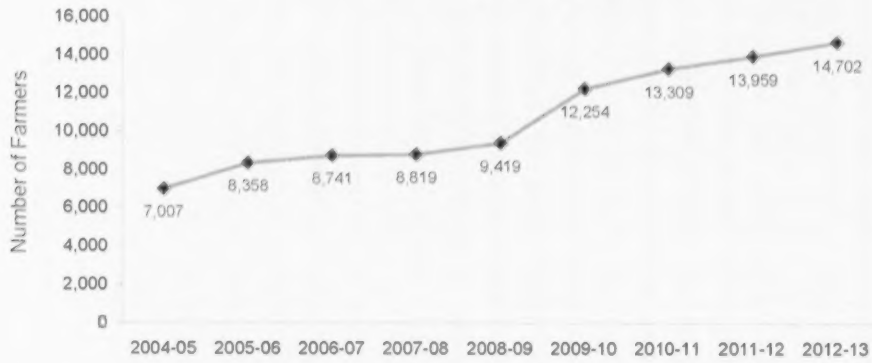
Number of Farmers who Applied for Fuel Tax Permit Renewals On-line

Saskatchewan Electronic Tax Services (SETS) offers farmers, commercial loggers, fishers and trappers a secure, fast and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. The number of farmers who filed permit renewals on-line tracks the Ministry's progress towards easing tax compliance and reducing the regulatory burden.

The Ministry continues to promote SETS as it is more convenient for program applicants and it reduces the cost of program administration. However, the Ministry has limited influence over this measure as some applicants do not have access to a computer with an Internet connection or simply prefer to mail in a completed application.

Previous year's information has been restated to show a change in reporting to a program-year basis from a fiscal-year basis to improve accuracy of the data reported.

Number of Farmers Using SETS



Source: Ministry of Finance, SETS

Progress in 2012 - 13

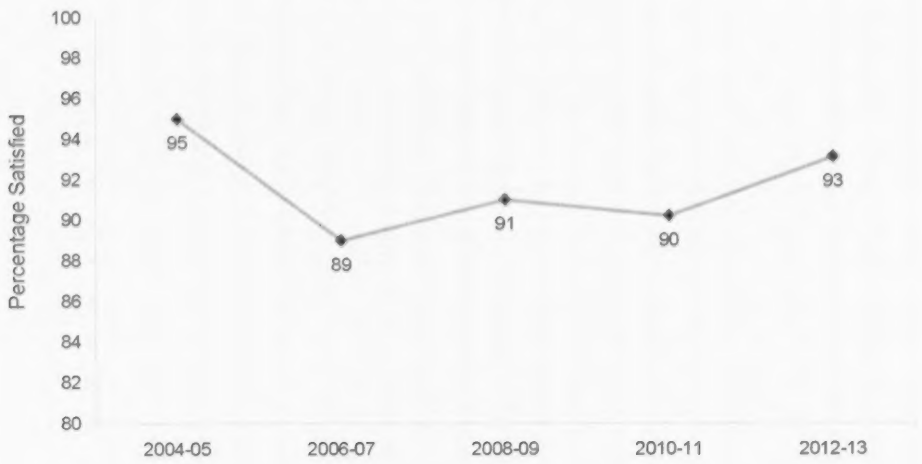
Client Satisfaction (of Businesses which Collect Taxes on Behalf of Government)

In 2002-03, the Ministry of Finance committed to conducting biennial satisfaction surveys of businesses collecting taxes on behalf of Government. This measures whether these clients are satisfied with the Ministry's quality of service and timeliness of responses, refunds, and adjustments. This allows businesses to evaluate the Ministry's performance and helps the Ministry to determine potential improvements for the timeliness of responses, refunds, and adjustments.

In 2012 surveys were sent to 532 businesses based on a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax, and Corporation Capital Tax.

The biennial client satisfaction survey will be conducted again in 2014-15 as a means of measuring client satisfaction.

Overall Client Satisfaction



Source: Ministry of Finance Surveys

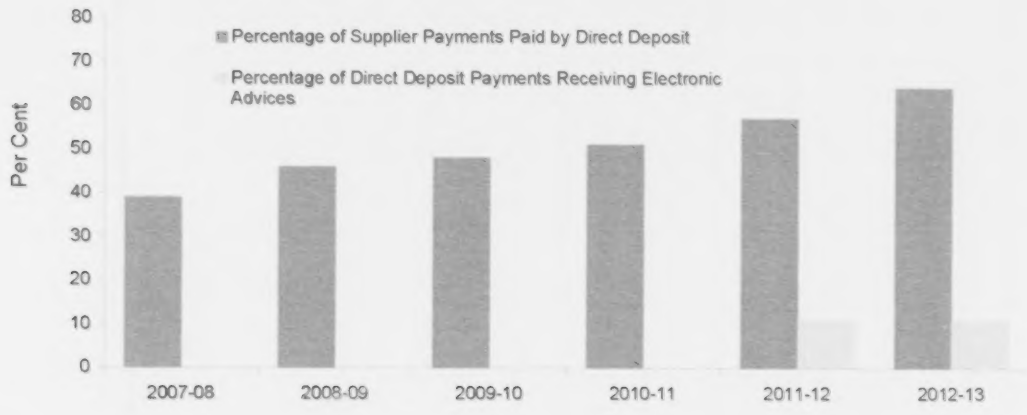
Progress in 2012 - 13

Direct Deposit and Electronic Advice Usage for Supplier Payments

Continued improvements in the efficiency of the Government's payment processes through the use of direct deposit and electronic advices, contributes to the best use of public funds. A three-year campaign is underway to increase direct deposit and electronic advice use by suppliers that conduct business with the Government.

Currently, 64 per cent of supplier payments are made by direct deposit with 11 per cent receiving electronic advices. The target is to increase to 70 per cent direct deposit; and, of those receiving direct deposit, the target is to have 40 per cent receiving electronic advices, however this will take longer than the three-year plan. The three year plan that ends in 2013-14 will target 25 per cent electronic advices and the initiative will continue in future years.

Direct Deposit and Electronic Advice Usage for Supplier Payments



Source: Ministry of Finance

Progress in 2012 - 13

Strategy - Effective Training Resources

Key Actions & Results

Cross-train and develop employee skills to increase staffing flexibility to address needs identified during business planning; and to minimize knowledge loss due to employee resignation and retirement.

- Revenue Division restructuring has resulted in improved cross-training and succession management within the Division.
- Central Accounts Payable was established within the Office of the Provincial Comptroller as a consolidation of all government accounts payable units. As a result, there is improved succession management, as well as increased flexibility as staff are now experienced generalists rather than Ministry specialists.

Promote training for all staff on LEAN methodologies and techniques to build upon a culture of continuous improvement. The Ministry will be targeting a rate of 65 per cent of staff attending one training session.

- Over 200 employees have had at least one Lean training course, including over 70% of Ministry staff and over 20% of PEBA staff. PEBA only recently formally introduced LEAN.

Facilitate and encourage employee professional training and ensure staff complete work and learning plans.

- Over 90 per cent of in-scope work and learning plans were completed.

Participate in the development and implementation of a Ministry Workforce Plan, identifying resource pressures and addressing areas of concern through training and succession management.

- The Ministry of Finance 2011-2014 Workforce Plan was updated in 2012-13. The Plan continues to be maintained and updated.

2012 - 13 Financial Overview

Ministry of Finance Appropriation and Expense

Program	2011-12 Actual	2012 -13 Budget	2012 -13 Actual	2012 -13 Variance	
	(in thousands of dollars)				
Central Management and Services	**6,726**	**6,350**	**6,256**	**(94)**	
Treasury and Debt Management	**1,902**	**2,340**	**1,916**	**(424)**	1
Provincial Comptroller	**12,705**	**12,307**	**12,691**	**384**	2
Budget Analysis	**4,856**	**4,983**	**4,968**	**(15)**	
Revenue	**16,839**	**26,238**	**26,579**	**341**	
Revenue Division	14,219	14,926	14,430	(496)	3
Allowance for Doubtful Accounts	1,100	1,100	1,100	0	
CRA Income Tax Administration	1,520	1,212	1,212	0	
Commission to Collect Tax (Statutory)	0	9,000	9,837	837	4
Personnel Policy Secretariat	**390**	**473**	**411**	**(62)**	
Research and Development Tax Credit	**33,839**	**15,000**	**24,941**	**9,941**	5
Miscellaneous Payments	**37**	**140**	**24**	**(116)**	
Bonding of Public Officials	37	65	21	(44)	
Unforeseen and Unprovided For	0	50	3	(47)	
Implementation of Guarantees (Statutory)	0	25	0	(25)	
Pensions and Benefits	**281,929**	**283,517**	**285,262**	**1,745**	
Public Service Superannuation Plan (Statutory)	126,458	131,355	131,707	352	6
Members of the Legislative Assembly - Pensions and Benefits (Statutory)	2,599	2,922	2,910	(12)	
Judges' Superannuation Plan (Statutory)	3,994	4,618	4,238	(380)	7
Public Employees' Pension Plan	56,609	58,830	59,367	537	8
Canada Pension Plan - Employer's Contribution	27,089	27,586	28,021	435	9
Employment Insurance - Employer's Contribution	12,505	12,670	13,138	468	10
Workers' Compensation - Employer's Assessment	8,906	8,992	9,292	300	11
Employees' Benefits - Employer's Contribution	42,672	35,044	35,550	506	12
Services to Public Service Superannuation Plan Members	1,097	1,500	1,039	(461)	13
Public Employees' Benefits Agency Revolving Fund - Subsidy	0	0	0	0	
Appropriation	**359,223**	**351,348**	**363,048**	**11,700**	
Less: Capital Asset Acquisitions	(2,077)	(600)	(1,624)	(1,024)	14
Add: Capital Asset Amortization	1,091	1,188	1,425	237	
Expense	**358,237**	**351,936**	**362,849**	**10,913**	

Note: Totals may not add due to rounding

2012 - 13 Financial Overview

Overview of Ministry Expense

In 2012-13, the Ministry had expenses of $362.8 million, an increase of $10.9 million from the Budget Estimate of $351.9 million. Excluding pensions and benefits, the Ministry spent $77.6 million, an increase of $9.2 million from the Budget Estimate of $68.4 million primarily due to higher than budgeted Research and Development Tax Credit costs for the 2011 tax year and for increased capital costs related to the Accounts Payable Project, offset by salary savings due to vacancies. Special warrant funding of $16.6 million was received by the Ministry to fund these increases as well as a first charge of $5.5 million as a result of Finance exceeding its 2011-12 appropriation, as per subsection 37(3) of *The Financial Administration Act, 1993.*

Spending for pensions and benefits was $285.3 million, an increase of $1.8 million from the Budget Estimate of $283.5 million. This increase was due to salaries across government being higher than anticipated, offset by lower than anticipated administration fees for the Public Service Superannuation Plan and savings in the Judges' Superannuation Plan.

Explanation of Major Expense Variances

1. Lower than anticipated bank services charges, custodian fees, and system consulting and support costs.
2. Higher than anticipated capital asset acquisition costs required for the centralization of accounts payable offset by vacancy management savings and reduced operating expenses including central financial system support/consulting and travel.
3. Savings due to vacancy management, reduced travel, and IT application development commenced in 2011-12.
4. Number of PST vendors increased more than anticipated.
5. Higher than anticipated Research and Development Tax Credit costs for 2011 tax year.
6. Higher than anticipated superannuation allowances paid to retirees.
7. Lower than anticipated costs due to decrease in mortality rate.
8. Higher than anticipated salaries across government.
9. Higher than anticipated salaries across government and Jan 1/13 rate increase.
10. Higher than anticipated salaries across government and Jan 1/13 rate increase.
11. Higher than anticipated salaries across government.
12. Higher than anticipated salaries across government.
13. Reduced administration costs as a result of vacancies and staff being utilized for other plans.
14. Higher than anticipated capital asset acquisitions due to additional consulting expenditures having been required and the purchase of system furniture for staff, which was originally planned for 2011-12, has occurred in this fiscal.

2012 - 13 Financial Overview

Ministry of Finance Revenue

Source	2012-13 Budget	2012-13 Actual	2012-13 Variance
	(in thousands of dollars)		
Corporation Income Tax	$817,200	$838,275	$21,075
Fuel Tax	508,300	495,955	(12,345)
Individual Income Tax	2,084,300	2,406,254	321,954
Provincial Sales tax	1,348,700	1,284,893	(63,807)
Tobacco Tax	247,100	253,353	6,253
Other Taxes	301,400	319,288	17,888
Taxes	**5,307,000**	**5,598,018**	**291,018**
Resource Surcharge	485,900	627,675	141,775
Non-Renewable Resources	**485,900**	**627,675**	**141,775**
Crown Investments Corporation of Saskatchewan	150,000	312,000	162,000
Special Dividend	3,000	3,000	0
Saskatchewan Liquor and Gaming Authority	439,900	478,090	38,190
Other Enterprises and Funds	25,183	65,942	40,759
Transfers from Crown Entities	**618,083**	**859,032**	**240,949**
Interest, Premium, Discount and Exchange	144,238	162,841	18,603
Motor Vehicle Fees	172,800	183,116	10,316
Other Licences and Permits	112	93	(19)
Sales, Services and Service Fees	19	20	1
Other	4,487	6,277	1,790
Other Revenue	**321,656**	**352,347**	**30,691**
Canada Health Transfer	902,900	933,400	30,500
Canada Social Transfer	363,700	366,968	3,268
Other	10,243	10,652	409
Transfers from the Federal Government	**1,276,843**	**1,311,020**	**34,177**
Total Ministry of Finance Revenue	**$8,009,482**	**$8,748,092**	**$738,610**

Note: Totals may not add due to rounding

Overview of Ministry Revenue

The Ministry of Finance collects revenue relating to taxation, non-renewable resources via the Resource Surcharge, transfers from government entities, interest, premium, discount and exchange, motor licence fees, transfers from the federal government, and other smaller revenue sources. All revenue collected is deposited into the General Revenue Fund (GRF).

In 2012-13, the Ministry collected $8.7 billion in revenue. This accounted for 77 per cent of total GRF revenue and was $738.6 million (9.2 per cent) higher than budget.

The following section describes the Ministry's revenue sources and includes variance explanations for changes greater than $10 million.

2012 - 13 Financial Overview

Explanation of Major Revenue Variances

Corporation Income Tax

Corporation Income Tax (CIT) is administered on the Province's behalf by the federal government using a common national determination of corporation taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e. the adjustment payment for the 2011 taxation year was received by the GRF in the fourth quarter of 2012-13).

CIT revenue increased $21.1 million, or 2.6 per cent, from the Budget Estimate, primarily due to to an acceleration of instalment payments for the 2013 taxation year, partially offset by a decline in the federal estimate of the national corporate tax base for the 2012 taxation year and higher-than-budgeted tax credit assessments for the 2011 taxation year.

Fuel Tax

Fuel Tax is levied on purchases of all types of fuel under the authority of The Fuel Tax Act, 2000. The tax ranges from a fixed rate of 1.5 cents per litre on aviation fuel to 15 cents per litre on gasoline and diesel. Saskatchewan provides a 100 per cent exemption for farm-use diesel fuel and diesel fuel used by primary producers in their off-road activities, as well as an 80 per cent exemption for farm-use unleaded gasoline purchased at bulk-fuel dealers. On-reserve retailers are also eligible to receive a refund of the Fuel Tax on eligible purchases by First Nations individuals, as are commercial aircraft carriers that purchase fuel for international flights.

Fuel Tax revenue decreased $12.3 million, or 2.4 per cent, from the Budget Estimate, due to weaker-than-expected consumption related to poor weather and the late start of the spring construction season.

Individual Income Tax

Saskatchewan's Individual Income Tax is administered on the Province's behalf by the federal government using a common national determination of taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e. the adjustment payment for the 2011 taxation year was received by the GRF in the fourth quarter of 2012-13).

Individual Income Tax revenue increased $322.0 million, or 15.4 per cent, from the Budget Estimate, primarily due to to stronger-than-budgeted tax assessments for the 2011 taxation year and stronger personal income growth in the 2012 tax base.

Provincial Sales Tax

The Provincial Sales Tax (PST) rate is a five per cent sales tax applied to the purchase, importation, or rental of certain goods and services. In 2012-13, a new accounting standard was adopted that resulted in the value of the Saskatchewan Low-Income Tax Credit being deducted from PST revenue rather than Individual Income Tax revenue. The value of this credit was $84.9 million in 2012-13.

PST revenue decreased $63.8 million, or 4.7 per cent, from the Budget Estimate, primarily due to lower-than-expected 2011-12 results and the resulting impact on the 2012-13 PST, higher-than-budgeted accounting adjustments introduced in 2012-13 and lower-than-budgeted growth in the PST base.

Tobacco Tax

Tobacco Tax is levied on purchases of all types of tobacco under the authority of The Tobacco Tax Act, 1998. A component of Saskatchewan's Tobacco Tax is the refund available to on-reserve retailers for eligible purchases by First Nations individuals. On July 1, 2010, the weekly limit for on-reserve tax-free purchase of tobacco products by First Nations individuals was reduced to 200 cigarettes (one carton) from 600 cigarettes (three cartons).

2012 - 13 Financial Overview

Other Taxes

Other Tax revenue collected by the Ministry of Finance includes Corporation Capital Tax (CCT), Liquor Consumption Tax (LCT), Insurance Premiums Tax, Motor Vehicle Insurance Tax, Fire Prevention Tax, Pari-Mutuel Tax and Succession Duties. CCT is a tax levied on Crown corporations and financial institutions on the amount of paid-up capital in excess of $10.0 million. An additional exemption of up to $10.0 million is available to corporations depending on the proportion of total wages and salaries that are paid in Saskatchewan. LCT is a 10 per cent tax on the total selling price of beer, wine and spirits. The various insurance taxes collected by the Ministry are primarily a levy on premiums, ranging from one to four per cent. The Succession Duty Act was repealed on January 1, 1977. Any revenue received is from prior to that date.

Other tax revenue at the Ministry of Finance increased $17.9 million, or 5.9 per cent, from the Budget Estimate primarily due to higher-than-budgeted Insurance Premiums Tax and CCT revenue.

Resource Surcharge

The Resource Surcharge, levied under The Corporation Capital Tax Act, is charged against the value of resource sales of large resource corporations.

Resource Surcharge revenue increased $141.8 million, or 29.2 per cent, from the Budget Estimate, primarily due to the implementation of new federal rules and regulations which limit the deferral of income to future years through the use of partnerships.

Crown Investments Corporation of Saskatchewan (CIC)

The regular CIC dividend is reviewed annually by Cabinet and the CIC Board, considering the financial requirements of both the GRF and the Crown corporations. Any special dividend paid by CIC to the GRF is generally related to a one-time event, such as to fund a specific project.

In 2012-13 the regular dividend was $312.0 million, up $162.0 million from the Budget Estimate. The increase was made possible by higher-than-expected net income at CIC in 2012 and proceeds related to the sale of APEX Investment Fund.

Saskatchewan Liquor and Gaming Authority

The Saskatchewan Liquor and Gaming Authority (SLGA) dividend to the GRF is based on the net income of the Authority. The SLGA is responsible for the distribution, operation and regulation of liquor and gaming activity in the province, including responsibility for the Saskatchewan Indian and Gaming Authority (SIGA). Dividends from SLGA consist of retail liquor net income, gaming (VLT) net income and SIGA net income.

The SLGA transfer to the GRF increased $38.2 million, or 8.7 per cent, from the Budget Estimate, primarily due to higher-than-expected net income in the liquor segment and higher net income at SIGA.

Other Enterprises and Funds

Other Enterprises and Funds include dividends paid to the GRF by other government enterprises and special funds. This includes half of Saskatchewan Gaming Corporation (SGC) net income, combined with one-time dividends from other government entities.

Other Enterprises and Funds revenue increased $40.8 million, or 161.9 per cent, from the Budget Estimate, primarily due to the return of surplus funds from the Saskatchewan Housing Corporation, the Municipal Financing Corporation of Saskatchewan and the Saskatchewan Grain Car Corporation.

Interest, Premium, Discount and Exchange

Revenue from this source includes interest received on bank deposits, sinking fund earnings, interest on advances, investments and accounts receivable and certain amounts recovered from Crown corporations.

Interest, Premium, Discount and Exchange revenue increased $18.6 million, or 12.9 per cent, from the Budget Estimate, primarily due to unbudgeted realized gains on the sale of investments.

2012 - 13 Financial Overview

Motor Vehicle Fees

Revenue from this source includes motor vehicle licences, fees and registrations, and is collected by Saskatchewan Government Insurance (SGI) on behalf of the Province. It does not include any insurance portion of vehicle plating costs.

Motor vehicle fees increased $10.3 million, or 6.0 per cent, from the Budget Estimate primarily due to a lower-than-budgeted take-up rate on the optional five-year driver's license and higher vehicle registrations.

Other Licences and Permits

Other Licences and Permits revenue consists of annual licence and decal fees collected from inter-jurisdictional truckers under the International Fuel Tax Agreement (IFTA).

Sales, Services and Service Fees

Sales, Services and Service Fees revenue at the Ministry of Finance consists of debt guarantee fees.

Other Revenue

Other revenue consists of all other recurring operational revenue not otherwise classified, including refunds of prior-years' expenditures, recovery of loans, and contributions by employees and others to retirement and insurance plans.

Canada Health Transfer

The Canada Health Transfer (CHT) assists provinces and territories in maintaining the national criteria and conditions in The Canada Health Act. Funding for the CHT is made up of cash payments from the federal government and tax point transfers to the provinces and territories.

CHT revenue increased $30.5 million, or 3.4 per cent, from the Budget Estimate, primarily due to a decrease in assumptions by the federal government for Saskatchewan's share of national corporate taxable income since budget. This leads to a decrease in value of tax points and a corresponding increase in CHT.

Canada Social Transfer

The Canada Social Transfer (CST) assists provinces and territories in providing post-secondary education, social assistance and social services, including early childhood development and early learning and child care. Funding for the CST is made up of equal per-capita cash payments from the federal government to the provinces and territories.

Other Transfers from the Federal Government

Other federal transfer revenue consists of a legislated subsidy from the Government of Canada, as well as various federal-provincial cost-sharing agreements, including federal funding for targeted initiatives that are funded via third-party trusts and one-time payments.

Revolving Funds

The Ministry is responsible for the Public Employees Benefits Agency Revolving Fund that accounts for the administration costs of the various pension plans and benefit programs administered by PEBA. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund please visit the following website: http://www.peba.gov.sk.ca/Agency/peba_ann_reports.html.

For More Information

If you have any questions or comments, please call 1-866-862-6246.

For additional copies of this Annual Report, call 306-787-6623.

Information on all Saskatchewan Finance programs and services can be accessed at www.finance.gov.sk.ca.

Contact Information

Saskatchewan Finance

2350 Albert Street
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S4P 4A6
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Fax: (306) 787-6576
www.finance.gov.sk.ca

Public Employees Benefits Agency

1000 - 1801 Hamilton Street
Regina, SK
S4P 4W3
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Fax: (306) 787-0244
www.peba.gov.sk.ca

Consumption Tax Inquiries

Toll Free: 1-800-667-6102
Regina area: (306) 787-6645

Saskatchewan Bureau of Statistics

9th Floor
2350 Albert Street
Regina, SK
S4P 4A6
Phone: (306) 787-6327
Fax: (306) 787-6311
www.stats.gov.sk.ca

Appendix A: Senior Management Committee (as at March 31, 2013)

Clare Isman, Deputy Minister

Kirk McGregor, Associate Deputy Minister
Taxation and Intergovernmental Affairs Branch

Denise Macza, Assistant Deputy Minister
Treasury Board Branch

Terry Paton, Provincial Comptroller
Office of the Provincial Comptroller

Brian Smith, Assistant Deputy Minister
Public Employees Benefits Agency

Margaret Johannsson, Assistant Deputy Minister
Revenue Division

Rae Haverstock, Assistant Deputy Minister
Treasury and Debt Management Division

Joanne Brockman, Executive Director
Economic and Fiscal Policy Branch

Jeff Welke, Executive Director
Communications Branch

Tor Veltheim, Executive Director
Personnel Policy Secretariat

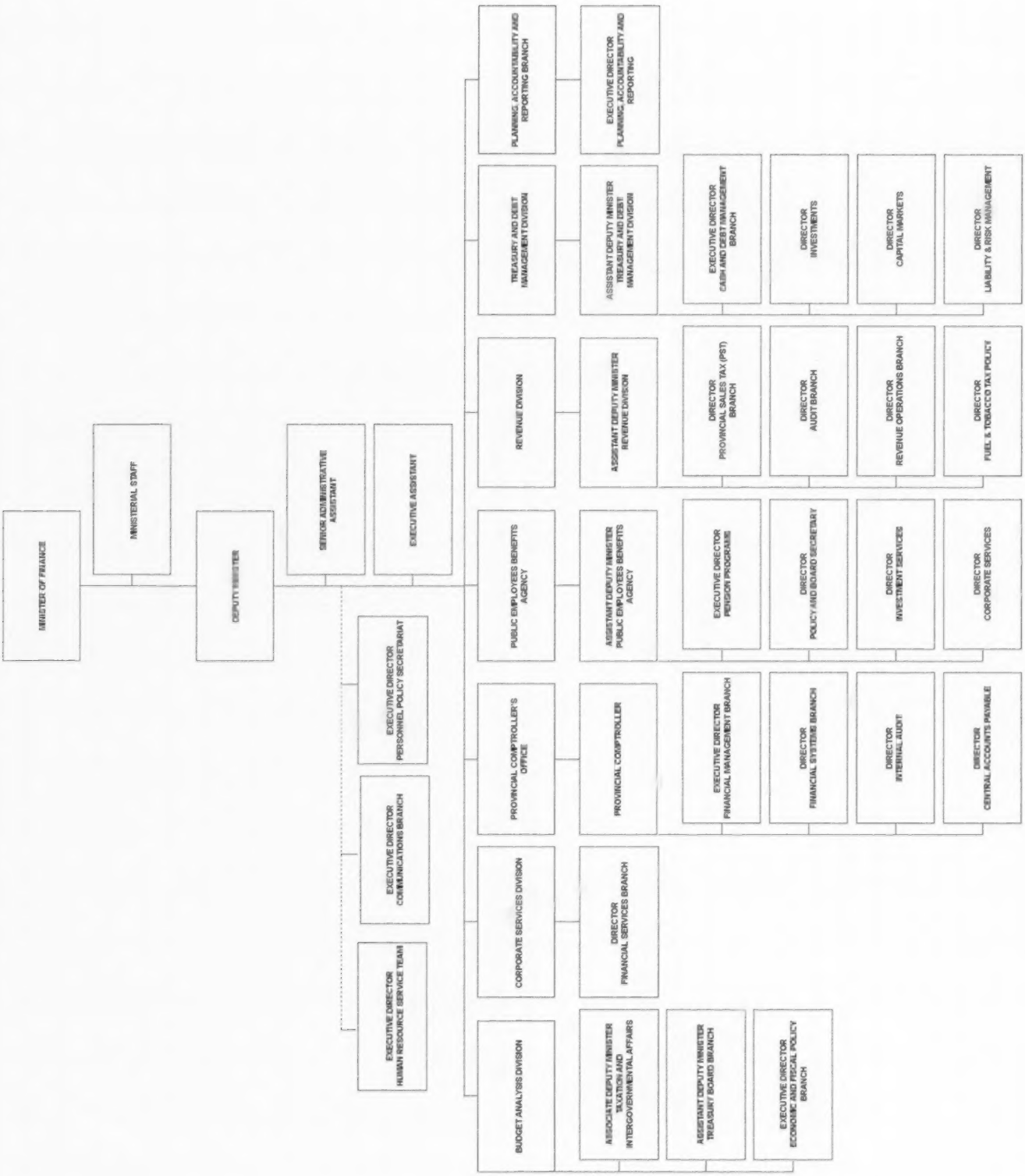
Jim Graham, Executive Director
Human Resources

Louise Usick, Director
Financial Services Branch

Charlotte Morisette, Executive Assistant to the Deputy Minister
Deputy Minister's Office

Dana Fauth, Senior Administrative Assistant
Deputy Minister's Office

Appendix B: Organizational Chart (as at March 31, 2013)


MINISTER OF FINANCE
MINISTERIAL STAFF
DEPUTY MINISTER
SENIOR ADMINISTRATIVE ASSISTANT
EXECUTIVE ASSISTANT
EXECUTIVE DIRECTOR HUMAN RESOURCE SERVICE TEAM
EXECUTIVE DIRECTOR COMMUNICATIONS BRANCH
EXECUTIVE DIRECTOR PERSONNEL POLICY SECRETARIAT
BUDGET ANALYSIS DIVISION
ASSOCIATE DEPUTY MINISTER TAXATION AND INTERGOVERNMENTAL AFFAIRS
ASSISTANT DEPUTY MINISTER TREASURY BOARD BRANCH
EXECUTIVE DIRECTOR ECONOMIC AND FISCAL POLICY BRANCH
CORPORATE SERVICES DIVISION
DIRECTOR FINANCIAL SERVICES BRANCH
PROVINCIAL COMPTROLLER'S OFFICE
PROVINCIAL COMPTROLLER
PUBLIC EMPLOYEES BENEFITS AGENCY
ASSISTANT DEPUTY MINISTER PUBLIC EMPLOYEES BENEFITS AGENCY
REVENUE DIVISION
ASSISTANT DEPUTY MINISTER REVENUE DIVISION
TREASURY AND DEBT MANAGEMENT DIVISION
ASSISTANT DEPUTY MINISTER TREASURY AND DEBT MANAGEMENT DIVISION
PLANNING, ACCOUNTABILITY AND REPORTING BRANCH
EXECUTIVE DIRECTOR PLANNING, ACCOUNTABILITY AND REPORTING
EXECUTIVE DIRECTOR FINANCIAL MANAGEMENT BRANCH
DIRECTOR FINANCIAL SYSTEMS BRANCH
DIRECTOR INTERNAL AUDIT
DIRECTOR CENTRAL ACCOUNTS PAYABLE
EXECUTIVE DIRECTOR PENSION PROGRAMS
DIRECTOR POLICY AND BOARD SECRETARY
DIRECTOR INVESTMENT SERVICES
DIRECTOR CORPORATE SERVICES
DIRECTOR PROVINCIAL SALES TAX (PST) BRANCH
DIRECTOR AUDIT BRANCH
DIRECTOR REVENUE OPERATIONS BRANCH
DIRECTOR FUEL & TOBACCO TAX POLICY
EXECUTIVE DIRECTOR CASH AND DEBT MANAGEMENT BRANCH
DIRECTOR INVESTMENTS
DIRECTOR CAPITAL MARKETS
DIRECTOR LIABILITY & RISK MANAGEMENT

Appendix C: Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) administers 11 pension plans, one annuity fund, and 20 benefit plans for the Saskatchewan public sector and its retirees. PEBA operates on a revolving fund basis and allocates operating costs to the plans that incur the expenses.

Total assets of the plans administered by PEBA are approximately $7.0 billion. Combined, the pension, retirement and annuity fund have approximately 85,000 members. PEBA has three primary client groups: plan members and their unions; boards and commissions that oversee the plans; and the plan members' employers. Each group depends on PEBA to provide quality service including accurate and timely information, as well as efficient transaction processing.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Saskatchewan Liquor Board Superannuation Plan

Members of the Legislative Assembly Benefits

Municipal Employees' Pension Plan

Public Employees Pension Plan

Additional Pension Contribution Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

The Power Corporation Superannuation Plan

Benefit Programs

Public Employees Deferred Salary Leave Plan

Extended Health Care Plan

Extended Health Care Plan for Retired Employees

Extended Health Care Plan for Certain Other Employees

Extended Health Care Plan for Certain Other Retired Employees

Public Employees Dental Fund

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Public Employees Benefits Agency Revolving Fund

The Government of Saskatchewan Scheduled Aircraft Plan

The Government of Saskatchewan Unscheduled Aircraft Plan

The Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 and No. 600-5 Benefits Plans Surplus Fund

The Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund

Appendix C: Public Employees Benefits Agency

Additional Benefit Plans Administered for Employers

The SaskPower Supplementary Superannuation Plan

Saskatchewan Government Insurance Service Recognition Plan

SaskPower Designated Employee Benefit Plan

Saskatchewan Water Corporation Retirement Allowance Plan

Saskatchewan Watershed Authority Retirement Allowance Plan

SaskEnergy Retiring Allowance Plan

SaskPower Severance Pay Credits Plan

SaskPower Millennium RRSP

Appendix D: Publications List

All Saskatchewan Finance publications can be accessed at:

www.finance.gov.sk.ca

Ministry of Finance Annual Report

The Annual Report presents the Ministry's activities and results for the fiscal year. It reports to the public and elected officials on public commitments made and other key accomplishments of the Ministry.

Ministry Plan

The Ministry Plan demonstrates how the Ministry aligns with Government's goals and presents a high level framework for the Ministry's activities. Contained in the Plan are the strategies and actions that will be pursued in the upcoming year, performance measures to gauge progress and a financial summary.

Budget Documents and Backgrounders

These provide financial details of the annual Provincial Budget. The main documents include the Budget Summary Book, Estimates and Supplementary Estimates.

Budget Summary Book

The Budget Summary Book provides an overall view of the Provincial Budget. It includes financial tables, as well as program highlights for the upcoming year.

Estimates

The Estimates represent the Government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with The Financial Administration Act, 1993.

Supplementary Estimates

The Supplementary Estimates represent additional funding provided to ministries subsequent to the passage of the Main Appropriation Bill that supplied funding as specified in the Budget Estimates. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of The Financial Administration Act, 1993, and include any funding provided by special warrant during the fiscal year.

First Quarter Financial Report

This report offers details of the Government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. This Report is usually published within 60 days of end of first quarter.

Mid-Year Report

Details of the Government's financial picture are provided on a General Revenue Fund basis as of the second quarter (April - September) of the fiscal year, compared to Budget and First Quarter. An update on the Summary Financial Statement tables is also provided compared to Budget. The Report is tabled in the Legislative Assembly on or before November 30th of the fiscal year to which it pertains.

Third Quarter Financial Report

This Report presents details of the Government's financial picture on a General Revenue Fund basis as of the third quarter (April - December) of the fiscal year, compared to Budget and Mid- Year. This Report is usually published within 60 days of end of third quarter.

Appendix D: Publications List

Public Accounts Documents

Volume 1

Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary financial statements. Volume 1 also includes a detailed Financial Statements Discussion and Analysis section. It also contains information on the Growth and Financial Security Fund and the Province's debentures. It is usually published in June/July.

Volume 2

Volume 2 of the Public Accounts provides detailed information on revenues and expenses of the General Revenue Fund, information on the trust funds administered by the Government and a listing of remissions of taxes and fees. It is usually published in September/October.

Compendium

The Compendium contains the financial statements of various boards, agencies, commissions, pension plans, special purpose funds and institutions, as well as those Crown corporations which are accountable to Treasury Board.

Tax Information Bulletins and Forms

The Revenue Division of the Ministry of Finance prepares a number of information bulletins and forms about the taxes and programs administered.

This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.

Financial Administration Manual

The Financial Administration Manual (FAM) communicates Treasury Board's policies and the Provincial Comptroller's directives to ministries and public agencies. These financial policies and directives are made pursuant to The Financial Administration Act, 1993. FAM contains information to assist ministries and public agencies in controlling, managing and accounting for government financial resources.

Natural Account Manual

The Natural Account Manual provides information on the asset, liability, equity, revenue and expense accounts available for use in MIDAS (the government's central financial system).

Frequently Asked Questions About Government Payment Authorities

This document offers guidance about government payment processes to those involved with initiating, approving or processing government payments. It is intended to be used by deputy ministers and other senior managers, program managers and executive directors/directors of administration and their staff.

Australian Medium-Term Note Information Memorandum

The AMTN Programme enables the Province to issue debt instruments in the Australian capital market.

Annual Report of the Province of Saskatchewan on Form 18K

The Annual Report is a disclosure document filed with the United States Securities and Exchange Commission, which provides an overview of the economic and fiscal position of the Province.

Saskatchewan Bureau of Statistics

All Saskatchewan Bureau of Statistics publications can be accessed at: www.stats.gov.sk.ca

Appendix D: Publications List

Saskatchewan Provincial Economic Accounts

This provides annual detailed data of the Saskatchewan economy in terms of Gross Domestic Product and other relevant macro-economic indicators.

Economic Review

It is an annual compendium, which includes the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product.

Monthly Statistical Review

The monthly reviews provide up-to-date economic and social statistics relating to Saskatchewan.

Saskatchewan Fact Sheet

This is an annual snapshot which presents important Saskatchewan economic and social statistics for the previous two years in both English and French.

Labour Force Survey

Tables and information contained in this monthly document provide labour force and employment data from the Statistics Canada Labour Force Survey.

Consumer Price Index

This document is produced monthly and provides tables reflecting consumer price data from the Statistics Canada Consumer Price Index.

Quarterly Population Report

This quarterly report presents tables which provide population and demography data from the Statistics Canada Demography Division.

Census and National Household Survey Reports

The Census and National Household Survey (NHS) Reports provide information from the 2011 Canada Census and 2011 NHS.

Public Employees Benefits Agency (PEBA)

PEBA operates as a central body within the Ministry of Finance to administer pension and benefit programs for employees of Executive Government, Crown corporations and government funded bodies. All its publications listed below can be accessed through www.peba.gov.sk.ca

PEBA Annual Reports

Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 23 annual reports.

Acceptable Documentation

This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

Statement of Investment Policies (SIG&P; SIP&P)

The following policy documents outline parameters around the investment of the various plans' assets, setting rate of return standards, asset mix guidelines and risk tolerance. Documents are used by various fund managers to manage the plans' assets. The boards and commissions use this to evaluate the manager's performance. These documents are reviewed and updated within an 18-month period.

Appendix D: Publications List

- **Municipal Employees' Pension Plan (MEPP)**

Statement of Investment Policies and Procedures (as of March 2013)

- **Public Employees Benefits Agency Disability Income Plan**

Statement of Investment Policies and Goals (as of January 2013)

- **Public Employees Pension Plan (PEPP)**

PEPP Statement of Investment Policies and Goals (as of March 2012)

- **The Saskatchewan Pension Annuity Fund**

Statement of Investment Policies and Goals (as of March 2012)

- **Saskatchewan Transportation Company Superannuation Plan**

Statement of Investment Policies and Goals (as of March 2012)

- **Public Employees Benefits Agency Group Life Insurance Plan**

Statement of Investment Policies and Goals (as of November 2012)

- **Saskatchewan Liquor Board Superannuation Plan**

Statement of Investment Policies and Goals as of (November 2011)

Member Newsletters

The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and address topics of interest to members (i.e., retirement planning, risk management, investments and the pension industry).

- **Public Employees Pension Plan (PEPP) – Pension Perspectives**

These are produced four times each fiscal year.

- **Municipal Employees' Pension Plan (MEPP) – MEPP Matters**

These are presented twice each fiscal year.

Member Booklets

Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans. These booklets are produced for the following plans:

- Public Employees Pension Plan
- Municipal Employees' Pension Plan
- Public Service Superannuation Plan
- Public Employees Group Life
- Public Employees Disability Income Plan
- Public Employees Dental Plan
- Public Employees Deferred Salary Leave Plan
- Extended Health Care Plan PS/GE SGEU Retiree Booklet
- Extended Health Care Plan CUPE 600-3 Retiree Booklet
- Extended Health Care Plan Out-of-scope Retiree Booklet
- Extended Health Care Plan Booklet PS/SGEU and CUPE 600-3
- Extended Health Care Plan Booklet (Management) Employees

Appendix D: Publications List

Employer Bulletins

Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes. These bulletins are produced quarterly for PEPP and MEPP.

Information Sheets

Information sheets present detailed information on specific topics related to Plan provisions. The are provided for the following Plans:

- **Public Employees Pension Plan (PEPP)** – PEPP Talks
- **Municipal Employees' Pension Plan (MEPP)** – MEPP In-Depths
- **Public Service Superannuation Plan (PSSP)** – Info Sheets

Employer Administration Guides (PEPP)

These guidelines assist employers in performing their responsibilities necessary for the administration of the Plan.

Employer Manual (MEPP)

The manual provides instructions to employers regarding administrative and reporting procedures.

Employer Defined Benefit Administration Guide

The guide offers instructions to employers regarding administrative and reporting procedures.

Fund Fact Sheets (PEPP)

These are produced semi-annually for each of PEPP`s investment options. The Fund Fact Sheets present an overview of each investment option are include information about the fund`s asset allocation, fees, rate of return, investment managers, and risk profile.

Actuarial Valuations (MEPP)

An actuarial valuation is conducted every year. An actuarial valuation report is filed once every three years and posted on the website. The most recent report filed is as at December 31, 2010 on The Annuities Underwritten by the Municipal Employees' Pension Plan.

Pension Adjustment Guides

The guides are available for MEPP and PSSP – they assist users in calculating and reporting Pension Adjustments.

Public Employees Dental Plan – Maximum Reimbursement Schedules (MRS)

These schedules list the codes and the cost for each procedure that is covered in the Plan. The schedules are updated every year, usually in January.

Appendix E: Legislation

Under Order-in-Council No. 286/2012 dated May 25, 2012, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Certified General Accountants Act, 1994

Certified Management Accountants Act

Certified Management Consultants Act

Chartered Accountants Act, 1986

Corporation Capital Tax Act

Federal-Provincial Agreements Act

Financial Administration Act, 1993

Fuel Tax Act, 2000

Growth and Financial Security Act

Home Energy Loan Act

Income Tax Act

Income Tax Act, 2000

Insurance Premiums Tax Act

Liquor Consumption Tax Act

Management Accountants Act

Members of the Legislative Assembly Benefits Act

Motor Vehicle Insurance Premiums Tax Act

Municipal Employees' Pension Act

Municipal Financing Corporation Act

Political Contributions Tax Credit Act

Provincial Auditor Act

Provincial Sales Tax Act

Public Employees Pension Plan Act

Public Service Superannuation Act

Revenue and Financial Services Act

Saskatchewan Pension Annuity Fund Act

Saskatchewan Pension Plan Act

Statistics Act

Superannuation (Supplementary Provisions) Act

Tabling of Documents Act, 1991

Tobacco Tax Act, 1998

Although not listed in the Order-in-Council, the Minister is also responsible for the Appropriation Act. Furthermore, the Ministry has responsibilities under the following legislation:

Fire Prevention Act, 1992

Liquor Board Superannuation Act

Provincial Court Act, 1998

Public Health Act, 1994

Saskatchewan Assistance Act

Appendix F: Glossary of Terms

Accountability Framework

The Accountability Fratmework is Government's performance management framework that supports stronger management practices and leads to improved accountability in public sector organizations.

Saskatchewan's Accountability Framework, adopted in 1999, was built on a solid foundation of principles that are common to other jurisdictions that have implemented a 'managing for results' approach. The three main components of the Accountability Framework are planning, performance management and reporting.

Appropriation

An amount of funding that the Legislative Assembly has authorized for a particular purpose.

Credit Rating

An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs

Costs associated with the Province's debt incurred for general government purposes and for a portion of the public debt reimbursable from Crown corporations. The costs include interest, foreign exchange gains and losses, discounts, premiums, fees, commissions and other debt-related costs.

Estimates

The document that is prepared and tabled with the Legislative Assembly pursuant to subsection 12(1) of The Financial Administration Act, 1993. This document reflects the Government's detailed financial plan for the GRF and is traditionally tabled with the Budget.

Expense

The cost of goods and services acquired in the fiscal year whether or not payment has been made, including interest on debt and transfer payments made or due. Expense also includes the cost of amortizing (depreciating) capital assets.

Expenditure

The cost of goods and services acquired in the fiscal year whether or not payment has been made, including capital acquisitions, interest on debt and transfer payments made or due. Budgetary expenditure is synonymous with expense except budgetary expenditures include capital acquisitions whereas expense reflects the amortization (depreciation) of capital. Nonbudgetary expenditures are outlays by the GRF to provide for a loan, advance or investment.

Financial System

Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Year

The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

Appendix F: Glossary of Terms

General Revenue Fund Financial Statements

The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt

The gross debt of the Province consists of money owed directly to lenders through the sale of short term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Guaranteed Debt

The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Ministry

An organizational unit of Executive Government created for the purpose of managing related programs.

Performance Measurement

Performance measurement is a process of defining performance measures or indicators to assess progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, and reported, and the knowledge gained is used by the organization to modify and improve future activities.

Public Accounts

The Public Accounts of the Government of Saskatchewan are organized into two reports.

Volume 1 contains the General Revenue Fund financial statements and the Summary financial statements. These are the main financial statements of the Government of Saskatchewan.

Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting

The mechanism that Government uses to communicate with the public on the achievements of ministries for a specific time period, compared to the intended results laid out in plans that are typically released with the budget. Ministries are required to prepare plans and report on their financial and non-financial performance within their annual report.

Revenue

The gross proceeds applicable to a fiscal year received from taxes, licences, transfer payments and sources other than borrowing.

Revolving Funds

Revolving funds, which are established by statute, are used to isolate certain items of related revenue and expense and are net-budgeted in the Estimates. Revolving funds are used to account for specific government operations that recover all or a portion of the associated costs from the funds' users. Revenue generated by a revolving fund's activities is used to finance further operations that in turn generate further revenue, hence the term "revolving".

Sinking Funds

Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Appendix F: Glossary of Terms

Strategic Planning

Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements

The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt

The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders; plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers

Transfers are payments by the Government to an individual, organization, authority or other government for which no goods or services are directly received by Government and no repayment is expected in the future.

Transfers for Public Service

Payments from the GRF to entities to provide a public service. Examples of transfers are payments to provide educational services or payments to doctors to provide medical services. These transfers may be in the form of grants, conditional grants, cost-shared arrangements or entitlements under legislation.

Transfers to Individuals

Payments from the GRF made directly or indirectly to individuals for which no public service is required in return. These transfers provide the recipient with a financial benefit and are usually in the nature of an income support, subsidy or compensation payment. These transfers may be income-tested.